

**ATTACHMENT 1**

**REQUIREMENTS, TERMS, AND CONDITIONS  
FOR FINANCIAL MANAGERS**

Self Directed Support Corporations approved as Financial Managers shall assume all requirements and responsibilities that Disability and Special Needs Boards have as financial managers.

Payments Under Contract - The Financial Manager will receive one twelfth (1/12) of the service user's approved funding each month at the beginning of the month. DDSN will reduce payments to the Financial Manager for any services billed directly to and paid by the South Carolina Department of Health and Human Services. DDSN will also reduce payments to the Financial Manager for any Medicare Part D payments made on behalf of dually eligible Medicare/Medicaid service users.

Financial Reporting Requirements - The Financial Manager must maintain an accounting system with supporting fiscal records by each service that is adequate enough to ensure that claims for funds are in accordance with all applicable laws, regulations, and policies. The Financial Manager further shall retain all financial and programmatic records, supporting documents, statistical records, and other records of consumers relating to care under this Contract for a period of six (6) years after the expiration of this Contract. If any litigation, claim, or other action involving the records has been initiated prior to the expiration of the six (6) years, the Financial Manager shall retain the records until completion of the action and resolution of all issues which arise from it or until the end of the six (6) years, whichever is later.

Use of Funds - All Expenditures of DDSN funds shall be in accordance with DDSN 250-05-DD, "Cost Principles for Grants and Contracts with Community Providers."

Financial Managers must expend for capitated services a minimum of ninety-eight percent (98%) of total revenues received from all sources for services covered by this Contract. DDSN may recoup unexpended funds paid to the Financial Manager if the ninety-eight percent (98%) expenditure level is not maintained. This Contract's funding is recognized as the last dollars spent.

Financial Managers must expend for non-capitated services a minimum of ninety-five percent (95%) of total revenues received from all sources for services covered by this Contract. DDSN may recoup unexpended funds paid to the Financial Manager if the ninety-five percent (95%) expenditure level is not maintained. This Contract's funding is recognized as the last dollars spent.

Annual Accounting of Funds and Medicaid Cost Report - The Financial Manager shall submit an annual accounting of funds received and disbursed for consumers for which it is the financial manager. The Financial Manager shall also submit a Medicaid cost report for Medicaid reimbursable services in the format specified by DDSN. The Financial Manager shall submit both as of every fiscal year end of June 30<sup>th</sup>. The Financial Manager shall submit these reports to DDSN by September 30<sup>th</sup> of each year for the prior fiscal year ended June 30<sup>th</sup>.

Subcontracting for Services. When appropriate, the Financial Manager shall subcontract with qualified vendors approved by DDSN and selected by the consumer to provide the services outlined in the consumer's approved plan of support, if applicable. When appropriate, the Financial Manager further shall utilize the services of a Medicaid enrolled Financial Manager when such a Financial Manager is available. In all cases the Financial Manager must adhere to all procurement requirements specified in DDSN 250-08-DD, "Procurement Requirements for Local DSN Boards." Any subcontract Vendor shall adhere to the appropriate DDSN service requirements as indicated in DDSN policies, procedures, and guidelines. Failure to subcontract with qualified vendors approved by DDSN and/or Medicaid enrolled Financial Managers selected by a consumer may result in withholding of future payments to the Financial Manager and/or termination of Contract.

Payments to Approved Vendors. Payments to Vendors for services approved by DDSN through the Qualified Financial Manager List (QPL) shall be paid at the DDSN approved reimbursement rate. The Financial Manager shall pay the Vendor a higher reimbursement rate for outlier services only if funding for outlier services is approved by DDSN in advance.

Compliance with DDSN Policy. The Financial Manager shall comply with **all** standards, policies, procedures, directives, and requirements for services covered by this Contract.

Monitorship of Medicaid Eligibility. It shall be the responsibility of the Financial Manager to take necessary action to assist consumers in obtaining and maintaining Medicaid eligibility.

Consumer Choice of Financial Manager. Each consumer shall be offered a choice of Medicaid enrolled Financial Managers and DDSN approved qualified service Financial Managers accepting referrals for each service the consumer is authorized to receive. Consumer choice of Financial Manager shall be offered on at least an annual basis. Financial Manager choice shall be documented in the consumer's support plan

Service Reporting Requirements. The Financial Manager shall submit monthly service reports indicating the actual units of service provided. The Agency's requirements for reporting of services are contained in Section 10 of The Agency's Finance Manual (See **Appendix E** at Web Site [www.state.sc.us/ddsn/qpl](http://www.state.sc.us/ddsn/qpl) ) and the MR/RD Waiver Manual (Monthly Utilization Report), the PPD Waiver Manual, and the HASCI Waiver Manual (available upon request by the Agency).

**IN ADDITION ALL ENTITIES UNDER CONTRACT WITH THE SOUTH CAROLINA DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS ARE SUBJECT TO THE FOLLOWING COVENANTS AND CONDITIONS**

- A. **Payment in Full.** Payment by the Contractor for services under this Contract shall constitute payment in full, and the Financial Manager shall not bill, request, solicit or in any manner receive or accept payment or contributions from the consumer or any other person, family member, relative, organization, or entity for care or services to a consumer except as may be otherwise allowed under federal

regulations or in accordance with South Carolina Department of Health and Human Services or DDSN policies. Any collection of payment in violation of this section shall be grounds for recoupment of funds and/or termination of this Contract.

- B. **Fines/Penalties.** All fines or penalties imposed by other state or federal or local agencies pursuant to services provided through this Contract are the responsibility of the Financial Manager and shall be paid by the Financial Manager. No DDSN funds shall be used to pay such fines or penalties.
- C. **Exceptions and Disallowances on Audits.** For any audits completed by the South Carolina Department of Health and Human Services (SCDHHS), the United States Department of Health and Human Services (DHHS), the State Auditor's Office, the auditor conducting the Financial Manager's annual audit, or other organizations, the Contractor shall be informed of any exceptions or disallowances. Where exceptions or disallowances were the fault of the Financial Manager, the Contractor may recoup disallowed costs from the Financial Manager. If the Contractor requires a pay back from the Financial Manager due to an audit disallowance, the Contractor will provide a written notice to the Financial Manager.
- D. **Accuracy of Data and Reports.** The Financial Manager agrees that all statements, reports and claims, financial and otherwise, shall be certified as true, accurate, and complete. The Financial Manager shall not submit for payment purposes those claims, statements, or reports which it knows, or has reason to know, are not properly prepared or payable pursuant to federal and state laws, applicable regulations, this Contract, and the Contractor policies. The Financial Manager will follow the following record keeping requirements:
  - 1. **Maintenance of Records.** The Financial Manager must maintain an accounting system with supporting fiscal records for the services provided through this Contract that is adequate enough to ensure that claims for funds are in accordance with this Contract and all applicable laws, regulations, and policies. The Financial Manager further agrees to retain all financial and programmatic records, supporting documents, statistical records, and other records of consumers relating to care under this Contract for a period of six (6) years after the expiration of this Contract. If any litigation, claim, or other action involving the records has been initiated prior to the expiration of the six (6) year period, the Financial Manager shall retain the records until completion of the action and resolution of all issues which arise from it or until the end of the six (6) year period, whichever is later.
  - 2. **Inspection of Records.** At any time during normal business hours and as often as the Contractor, SCDHHS, DHHS, the State Auditor's Office, the Office of the Attorney General, and/or any of the designees of the above may deem necessary during the Contract period and for six (6) years thereafter, the Financial Manager shall make all program and financial records and service delivery sites open to the representatives of the aforementioned agencies. Representatives of the agencies listed above shall have the right to examine and make copies, excerpts or transcripts from all records, conduct private interviews with consumers and employees, and conduct on-site reviews of all matters relating to service delivery as specified by this Contract.
- E. **Assurance of Non-Discrimination.** The Financial Manager hereby agrees to ensure that no person shall, on the basis of disability, race, color, national origin, or age, be excluded from participation in, be denied the benefits of, or be

otherwise subjected to discrimination under any program or activity for which the Financial Manager receives payment pursuant to this Contract.

F. **Employment Requirements.** The following employment requirements shall apply to the Financial Manager:

1. The Financial Manager agrees not to hire, employ, or contract with any person that would result in a conflict of interest and/or would result in noncompliance with the South Carolina Ethics, Government Accountability, and Campaign Reform Act of 1991, S. C. Code Ann 2-17-5 et.seq.
2. The Financial Manager must prohibit employment of individuals with a conviction or prior employment history of child or consumer abuse, neglect or mistreatment.
3. The Financial Manager agrees to comply with the Fair Labor Standards Act (29 USC 201 et.seq.).
4. The Financial Manager shall comply with the administrative requirements of the Deficit Reduction Act of 2005 as it pertains to the False Claims Act established under Sections 3729 through 3733 of Title 31, United States Code.

G. **Drug-Free Workplace.** The Financial Manager shall establish a policy certifying that it will provide a drug-free workplace. The policy shall be consistent with the procedures and goals as set forth in the federal Drug-Free Workplace Act (41 USC 701-707) and DDSN 400-17-DD, "Alcohol and Drug-Free Workplace Policy".

H. **Safeguarding Information.** The Financial Manager shall safeguard the use and disclosure of information on consumers in accordance with: 42 CFR Part 431, Subpart F, "Safeguarding Information on Applicants and Recipients under Title XIX"; S. C. Code Ann. 44-20-340 from the South Carolina Mental Retardation and Related Disabilities Act. The Financial Manager shall also comply with all applicable standards, orders or regulations pursuant to the Health Insurance Portability and Accountability Act of 1996, the Family Education Rights and Privacy Act (FERPA, 34 CFR Part 99), and DDSN administrative directives concerning confidentiality

I. **Reporting Abuse, Neglect or Exploitation.** The Financial Manager agrees to comply with the state's statutory requirements and the Contractor administrative directives concerning the reporting of abuse, or suspected abuse, neglect or exploitation of individuals being served under this Contract. The requirements applicable to reporting abuse are stated in the following: Children's Code of 1981 (subarticle 3), S. C. Code Ann. 20-7-480; The Omnibus Adult Protection Act of 1993, S. C. Code Ann. 43-35-5 and the Contractor 534-02-DD, "Procedures for Reporting, Investigating, and Preventing Abuse, Neglect, and Exploitation of People Receiving Services from the Contractor or a Contract Financial Manager Agency".

J. **Political Activity and Lobbying.**

1. **Political Activity.** None of the funds, materials, property, or services provided directly or indirectly under this Contract shall be used in the performance of this Contract for any partisan political activity, or to further the election or defeat of any candidate for public office.
2. **Lobbying.** Funds received through this Contract may not be expended to pay any person for influencing or attempting to influence an officer or employee

of any agency, a Member of Congress or the South Carolina General Assembly, or an employee of Congress or the General Assembly or an employee of any member of these bodies.

- K. **Integration and Amendments.** This Contract shall be construed to be the complete integration of all understandings between the parties hereto. No prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or affect whatsoever, unless embodied herein in writing. The parties to this Contract may jointly amend the Contract, as required. No subsequent substitution, renewal, addition, deletion, or other amendment hereto shall have any force or effect, unless it shall be in writing and signed by both parties.
- L. **Conformity with Law.** The Financial Manager shall comply with all applicable federal and state laws and regulations in effect and as may be enacted or amended during the term of this Contract in the provision of services and performance of its obligations under this Contract. The Financial Manager, even if not a public entity, further shall comply with the South Carolina Ethics, Government Accountability and Campaign Reform Act and the South Carolina Freedom of Information Act. The provisions of this Contract and performance hereunder are subject to all applicable laws, regulations, ordinances, and codes of the federal, state, and local governments. All terms of this Contract shall be construed in a manner consistent with the aforesaid laws, regulations, ordinances, and codes. Should it appear that any of the terms of this Contract are in conflict with any of the aforesaid laws, regulations, ordinances, and codes, then the terms of this Contract that are in conflict shall be deemed inoperative and null and void to the extent of the conflict and shall be considered to be modified to conform therewith.
- M. **Non-Waiver of Breach of Contract.** The Contractor and the Financial Manager agree that failure of the Contractor at any time to require performance by the Financial Manager of any provision of this Contract or the Contractor's continued payment of the Financial Manager shall in no way affect the right of the Contractor to enforce any provision of this Contract. The waiver by the Contractor of any breach of any provision hereof shall not be taken or held to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself.
- N. **Non-Assignability.** No assignment or transfer of this Contract or any rights hereunder by the Financial Manager shall be valid without the prior written consent of the Contractor.
- O. **Subcontracts.** The Financial Manager shall enter into no subcontract for the provision of services pursuant to this Contract with any Financial Manager who is not an enrolled Medicaid Financial Manager, or who is not licensed, or who is not qualified/approved by DDSN as an eligible Financial Manager of the services to be provided. Authorized subcontracts under this Contract shall be in writing and shall be subject to the terms of this Contract and to the requirements of all applicable state and federal laws, rules, and regulations. DDSN will prescribe language to use for any subcontracts issued to service Financial Managers on the Qualified Financial Manager List. Sub-contractual language changes must be approved by the Deputy State Director Administration or his/her designee prior to being executed.

- P. **Reporting of Fraudulent Activity.** If at any time during the term of this Contract the Financial Manager becomes aware of or has reason to believe by whatever means that, under this or any other program administered by the Contractor, a consumer, consumer's family member or guardian, an employee of the Financial Manager or the Contractor, and/or a subcontractor or its employees, have improperly or fraudulently applied for or received benefits, monies, or services pursuant to this or any other contract, such information shall be reported in confidence by the Financial Manager directly to the Contractor.
- Q. **Non-Waiver of Rights.** The Contractor and the Financial Manager hereby agree that the execution and any performance pursuant to this Contract does not constitute a waiver, each to the other, of any claims, rights, or obligations which shall or have arisen by virtue of any previous agreement between the parties. Any such claims, rights or obligations are hereby preserved, protected, and reserved.
- R. **Safety Precautions.** The Financial Manager agrees to take necessary steps to protect its consumers, itself, and its personnel from accidents, illnesses, or claims related to any work undertaken pursuant to this Contract. The Financial Manager agrees to comply with all applicable local, state, and federal occupational and safety acts, rules, and regulations. This includes the Occupational Safety and Health Act requirements related to protection from bloodborne pathogens set forth in 29 USC 655 and 657.